

June 24, 2015
Regular Meeting
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, June 24, 2015 at 6:00 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Joe Tonascia, Vice President Sonny Flores and Directors John Tobias, Frank Bettencourt and Bob Huenemann. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Supervising Accountant Natalie Sullivan, Consultant Harry Blohm and Office Specialist III Barbara Mauro.

CALL TO ORDER

The meeting was called to order by President Tonascia at 6:00 p.m.

- a. Pledge of Allegiance to the Flag**
President Tonascia led the Pledge of Allegiance.
- b. Speakers will be limited to 5 minutes to address the Board; rebuttal will be limited to 3 minutes; no new business agenda items will be heard after 9:00 p.m.**
- c. Approval of Agenda**
With a motion by Director Tobias and a second by Vice President Flores, the Agenda was unanimously approved.
- d. Public Input: Members of the Public are Invited to Speak on any Matter not on the Agenda**
There were no public comments.

CONSENT AGENDA:

- 1. Approval of Minutes for: May 27, 2015 Regular Meeting**
- 2. Allowance of Claims**
- 3. Acknowledgement of Paid Claims prior to the June Board Meeting**

With a motion by Vice President Flores and a second by Director Bettencourt, the Consent Agenda was unanimously approved.

REGULAR AGENDA:

4. 2015-2016 District Budget

a. Presentation of 2015-2016 District Budget

Mr. Cattaneo, using a PowerPoint presentation, began by stating the District has a balanced balance in spite of the -0- Ag allocation, partly due to additional water sales and stored water. The Budget comes to the Board with the recommendation of the Finance Committee. He began by reviewing the sources of funds for both the Operating and Capital Budgets.

The development of the Operating Budget is done by each managers meeting with the District Manager, discussing his expectations, starting at -0- and then the final approval must come through the District Manager.

The summary of the Operating Budget is \$294,000. Mr. Cattaneo stated the revenue is comprised of property taxes, water sales, groundwater sales, Hollister Urban Area finished water, interest from LAIF and additional water sales from San Justo Reservoir and water transfers from North of Delta and Yuba. Mr. Cattaneo gave the breakdown on revenue by source, on the Hollister Urban Area finished water and the comparison of FY 2014-15 to FY 2015-16.

Next, Mr. Cattaneo reviewed the operating expenses by source. The cost of water is higher mainly due to the higher cost of transfer water. When comparing FY 2014-15 to 2015-16, Lessalt Operation is higher because it is for a full year as is depreciation, also for a full year. Mr. Cattaneo reviewed the summary of expenses which spanned 9 years. General and Administration is about the same and Materials and Equipment remains consistent.

Contract Services-General is a little higher due to the survey budgeted for Hernandez Reservoir, which is only done every 5 years, and the Master Plan Update. Contract Services-Operations shows a higher amount due to a full year of operations at the Lessalt WTP and the increase in additional rebates for the Water Resources Association. Contract Services-Programs includes the District's share of the Urban Water Management Plan, which occurs every 5 years and also the Hernandez Reservoir Operation Plan, which the District committed to do about 10-12 years ago.

Water Resources Association's (WRA) budget is mostly made up of water conservation programs and the balance is the District's share, \$31,300, of the Urban Water Management Plan, done every 5 years.

Mr. Cattaneo then reviewed the Capital Budget. The San Justo Work Plan would be the largest item with the Hollister Urban Area Water and Wastewater Master Plan being the next. Projects that fall under the construction category are: the West Hills Water Treatment Plant, the Recycled Water Project and the Fairview Road Water System Well. Under Reach 1, there are 3 major projects: Small Capital Projects, Pacheco/Santa Clara Conduit Right of Way Acquisition and Water Protection Project. Regarding the CVP Amendatory Contract, our annual payment amount is \$1,392,150. Mr. Cattaneo reviewed the Capital Plant Summary and the Hollister Urban Area Projects.

Director Bettencourt asked, under Contract Services, is the Filter Cost an annual cost? Mr. Cattaneo stated yes, but it might be slightly lower next year. There were no further questions.

b. Consider Board Approval of 2015-2016 District Budget

With a motion by Vice President Flores and a second by Director Tobias, the Board of Directors unanimously approved the 2015-2016 District Budget.

5. Discuss and Consider Authorizing District Manager Execute a Contract with Dahl Consultants for Construction Management Services Related to Recycled Water Distribution System Construction (NTE \$ 18,420)

Mr. Cattaneo stated each construction project needs a manager. Staff recommends hiring John Dahl for the high level management required for payments and change orders and the day to day operations will be handled by District staff. With a motion by Director Tobias and a second by Director Huenemann, the Board of Directors unanimously authorized the District Manager execute a contract with Dahl Consultants for Construction Management Services related to Recycled Water Distribution System Construction (NTE \$18,420).

6. Discuss and Consider Authorizing District Manager Execute Amendment #6 with HDR Consultants for Engineering Services during Construction Related to West Hills Water Treatment Plant Construction (NTE \$893,639)

Mr. Cattaneo stated HDR is the design consultant for the West Hills WTP and typically, an agency would hire the design firm to oversee the project. Staff is recommending the District go with HDR to provide engineering services for West Hills WTP. With a motion by Vice President Flores and a second by Director Bettencourt, the Board of Directors authorized the District Manager execute Amendment #6 with HDR Consultants for Engineering Services during Construction related to the West Hills Water Treatment Plant Construction (NTE \$893,639) with 4 affirmative votes (Tonascia, Flores, Tobias and Bettencourt) and 1 abstention (Huenemann).

7. Discuss and Consider Authorizing District Manager to Amend the Consulting Agreement with Harry Blohm for Services Relating to; West Hills Water Treatment Plant Project Management, Lessalt Construction Project Management, Hollister Urban Area Water and Wastewater Master Plan Update Program Management, and Studies Associated with Pacheco Pass Water District Acquisition (\$ 75,900)

Mr. Cattaneo stated there are a number of components that make up Mr. Blohm's contract, but the majority of the budget will be the West Hills WTP program management, which comes out of the tranche. There is a portion of the budget for Lessalt WTP, but it is minimal and there is also the Master Plan Update, again, a shared expense. The Recycled Water and Pacheco Pass Water District acquisition are only District expenses. Mr. Cattaneo added there is also a portion of his budget that is strictly for Chromium VI, which is solely the responsibility of the City of Hollister. Mr. Pinal asked that this be added to the motion.

With a motion by Director Bettencourt, including the addition of Chromium VI work for the City of Hollister, and a second by Director Tobias, the Board of Directors authorized the District Manager to Amend the Consulting Agreement with Harry Blohm for Services Relating to; West Hills Water Treatment Plant Project Management, Lessalt Construction Project Management, Hollister Urban Area Water and Wastewater Master Plan Update Program Management, and Studies Associated with Pacheco Pass Water District

Acquisition (\$ 75,900) with 4 affirmative votes (Tonascia, Flores, Tobias & Bettencourt) and 1 abstention (Huenemann).

8. Discuss and Consider Contract Amendment for Contractor Compliance and Monitoring, Inc. for Labor Compliance for Prevailing Wages for the West Hills Water Treatment Plant Project (\$ 46,000 with \$ 9,000 contingency—NTE \$ 55,000)

Mr. Cattaneo stated the District is considering using CCMI, the same firm we used for the labor compliance for the Recycled Water Project, for the Prop 84 Grant for the West Hills WTP. The reporting requirements are more involved if the District is awarded the Grant. Without the Grant, the contract would be for \$46,000 and with the additional reporting required by Prop 84; it would be an additional \$9,000 because site visits are required.

Director Bettencourt asked if CCMI would do all the filing. Mr. Cattaneo stated yes, they would submit the certified payroll.

With no further questions, a motion was made by Director Tobias and seconded by Vice President Flores, the Board of Directors approved of a Contract Amendment for Contractor Compliance and Monitoring, Inc. for Labor Compliance for Prevailing Wages for the West Hills Water Treatment Plant Project (\$ 46,000 with \$ 9,000 contingency—NTE \$ 55,000) with 4 affirmative votes (Tonascia, Flores, Tobias & Bettencourt) and 1 abstention (Huenemann).

9. Discuss and Consider Approval of Loan and Grant Agreement between the San Benito County Water District and the California State Water Resources Control Board for the SBCWD Recycled Water Project and Authorize District Manager to sign Agreement (\$1,268,507)

Mrs. Singleton stated last November she and Mr. Cattaneo met with the State Water Resources Control Board regarding the District's Recycled Water Project. What was awarded from the State was a Grant in the amount of \$509,498 and a low interest loan for \$775,576 (for 20 years). What is before the Board is the agreement for the grant and loan, per Mrs. Singleton. District Counsel has reviewed the agreement. With no questions, a motion was made by Vice President Flores and seconded by Director Huenemann; the Board of Directors unanimously approved the Loan and Grant Agreement between the San Benito County Water District and the California State Water Resources Control Board for the SBCWD Recycled Water Project and Authorized the District Manager to sign Agreement (\$1,268,507).

10. Consider Amending Resolution 2014-08 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash

Mrs. Singleton stated the District policy calls for an annual review of its Restriction and Designation of District Net Assets/Cash, which has been done by the Finance Committee. This year, the only change would be for the Grant and Loan Agreement for the Recycled Water Project, as it has a requirement of holding 1 year of debt service in reserve.

Director Tobias asked how it would appear on the books. Mrs. Singleton stated as a Restricted Reserve. With no further questions, a motion was made by Director Tobias and seconded by Vice President Flores, Resolution #2015-16, *A Resolution of the Board*

of Directors of the San Benito County Water District Amending Resolution #2014-08 Regarding the District on Restriction and Designation of District Net Assets/Cash was unanimously approved.

11. Discuss and Consider Authorizing District Manager Execute a Contract with Gutierrez Consultants for Preparation of a Proposition 84 Integrated Regional Water Management Implementation Grant Application for West Hills Water Treatment Plant Construction (NTE \$ 24,900)

Mr. Cattaneo stated there are additional Prop 84 Grant Funds available and Ms. Gutierrez has been very effective in obtaining grants for the District. This would be covered through Tranche 2, per Mr. Cattaneo. There is approximately \$4.9 million available and Mr. Cattaneo feels we have a good chance. He has spoken to our partner agencies, the City of Hollister (COH) and Sunnyslope County Water District (SSCWD), and they agree we should proceed with the application.

With a motion by Director Bettencourt and a second by Vice President Flores, the Board of Directors authorized the District Manager Execute a Contract with Gutierrez Consultants for the Preparation of a Proposition 84 Integrated Regional Water Management Implementation Grant Application for West Hills Water Treatment Plant Construction (NTE \$ 24,900) with 4 affirmative votes (Tonascia, Flores, Tobias and Bettencourt) and 1 abstention (Huenemann).

12. Discuss and Consider Transfer of Fairview Road Transmission Pipeline to Sunnyslope County Water District

Mr. Cattaneo stated this is part of the Water Supply and Treatment Agreement between the COH, SSCWD and the District. It is the pipeline from the Lessalt WTP to the high zone. It was to be transferred to SSCWD upon completion of the upgrade to the Lessalt WTP as it is part of their infrastructure.

Director Bettencourt asked about the cost of the pipeline. Mr. Cattaneo stated it repaid through the agreement with the COH and SSCWD. He added, there will be a similar pipeline for the COH (cross town pipeline) when the West Hills WTP is complete.

With a motion by Director Tobias and a second by Director Huenemann, the Board of Directors unanimously approved the transfer of the Fairview Road Transmission Pipeline to Sunnyslope County Water District.

13. Staff Report on Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting

Mr. Cattaneo reported this is a significant accomplishment to receive this award for the 3rd year in a row. He thanked Mrs. Singleton and Mrs. Sullivan for their hard work. Mrs. Singleton stated it was an overall effort by staff but Mrs. Sullivan did the heavy lifting. President Tonascia added it was a job well done.

14. Staff Report on the Hollister Urban Area Water and Wastewater Master Plan Update

Mr. Blohm began with the Master Plan Update. The demand forecast was deferred until staff was available (COH/SSCWD) and the first work will be done by HDR. A meeting

will be held tomorrow, first with SSCWD and then with the COH. The next item to be discussed will be the cross town pipeline, which is the middle zone, and part of the Master Plan update; it will be in conjunction with the Chromium VI issue. The State requirement is 10 parts per billion and the COH is currently at 14 parts per billion. SSCWD has 1 well affected but COH has a major issue with 3 wells.

Director Bettencourt asked when the State's deadline is. Mr. Blohm stated it may be 6 months but if there is a plan in place, the State may be willing to work with the agencies. Also, ACWA has sponsored a bill which asks for an extension.

Discussion ensued about test holes for Chromium VI and also that California is the only state with the current requirements.

Mr. Blohm then reported on the West Hills WTP. He stated we are currently in the bidding process and bids are due July 15, 2015. There was a good turnout at the pre-bid meeting/site visit with 12 potential contractors in attendance. Of the 12, Mr. Blohm stated 3 are very interested with possibly 2 others. Mrs. Singleton added the Letter of Credit is in place, which was a requirement of the Incidental Take Permit, necessary for construction and required by the California Department of Fish and Wildlife.

15. Committee/Agency Representative Reports:

- a) San Luis Delta Mendota Water Authority (Tobias/Tonascia)**
As per Mr. Cattaneo, he reported the Temperature Management Plan for Shasta was discussed as was the challenge to the North of Delta Water Transfer Agreement.
- b) Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**
As per Director Bettencourt, a meeting was held but no action was taken as they didn't have a quorum.
- c) Water Resources Association (Flores/Bettencourt)**
As per Vice President Flores, the members received a presentation from KSBW on advertising on the Weather Channel.
- d) Hollister Urban Area Water and Wastewater Master Plan Governance Committee (Tobias/Flores)**
As per Director Tobias, this has been covered.
- e) Administration Committee (Tobias/Flores)**
As per Mr. Cattaneo, the committee discussed Mr. Blohm's contract, HDR's amendment, CCMI's amendment and the Fairview Road Pipeline.
- f) Finance Committee (Tonascia/Flores)**
As per President Tonascia, the committee reviewed the Budget.
- g) Personnel Committee (Tonascia/Tobias)**
As per Director Tobias, it was a closed session meeting.

- h) **Recycled Water Ad Hoc Committee (Flores/Bettencourt)**
As per Vice President Flores, the committee reviewed the Dahl contract and the Loan and Grant Agreement.

16. District Manager/Engineer's Report:

- a) **Reach 1 Operations**
Mr. Cattaneo reported the leak at Bifurcation has been repaired.
- b) **Zone 3 Operations**
Mr. Cattaneo reported there is still no water, so there is nothing to report.
- c) **Zone 6 Operations**
Mr. Cattaneo reported staff is managing the water level between San Luis Reservoir and San Justo Reservoir to keep a balance between them.
- d) **San Luis Delta Mendota Authority Activities**
Mr. Cattaneo reported this has already been covered.
- e) **Pacheco Pass Water District**
Mr. Cattaneo reported we have the draft report from GEI on PPWD. He plans to call Steve Verigan tomorrow to discuss it and there is a meeting scheduled on Monday with staff from our District, Santa Clara Valley Water District and GEI. LAFCO is moving forward. Todd Groundwater still has a report to do for the District to see how the North Fork Reservoir would benefit the District.

EXECUTIVE SESSION:

- 17. **Conference with legal counsel—Existing litigation**
Government Code 54956.9(a)
San Benito County Water District v. Randy McAlpine (CL-13-00437)
- 18. **Public Employee Performance Evaluation**
Title: District Manager/Engineer
Authority: California Government Code Section 54957
- 19. **Conference with Labor Negotiator**
Pursuant to Government Code Section 54957 and 54957.6
Agency Negotiator: Personnel Committee
Title: District Manager
Contract
The Board went into Executive Session at 7:16 p.m.
- 20. **OPEN SESSION:**
Report action, if any
The Board returned from Executive Session at 7:48 p.m.

On Agenda Item #17, there was no action taken.

On Agenda Item #18, the District Manager was given a satisfactory performance review.

21. Consider Approval of Amendment to District Manager’s Employment Contract and Authorize President to Execute

As per Mr. Pipal, the Board in Executive Session made a motion and second and took a unanimous vote to approve of an amendment to the District Manager’s Employment Contract and authorized the President to Execute said amendment.

22. Adjournment

With no further business to discuss, the meeting was adjourned at 7:50 p.m.

Minutes were approved at the July 29, 2015 board meeting and signed by the presiding board member.

/s/ Joseph A. Tonascia
Joseph A. Tonascia, President

/s/ Barbara L. Mauro
Barbara L. Mauro, Recording Secretary